NATIONAL BISCUIT COMPANY

ANNUAL REPORT

YEAR ENDED DECEMBER 31, 1956

THE YEAR IN BRIEF

	1956	1955
Net sales	$410,500,000	$389,600,000
Income from operations	42,800,000	41,500,000
Net income	20,300,000	18,300,000
Net income per dollar of sales	4.9 cents	4.7 cents
Net income per share common stock	2.90	2.59
Dividends declared		
Preferred stock—7%	1,700,000	1,700,000
Common stock	12,800,000	12,800,000
Per share of common stock	2.00	2.00
Net income retained in the business	5,800,000	3,800,000
Cost of plant and equipment additions	15,700,000	18,100,000
Current assets	95,100,000	94,800,000
Current liabilities	45,000,000	46,500,000
Working capital	50,100,000	48,300,000

Consolidated Income and Other Statistics

DOLLARS IN MILLIONS
(Except per share figures)

Year	Net Sales	Income Before Federal and Foreign Taxes on Income	Provision for Federal and Foreign Taxes on Income	Net Income	Dividends Declared: Preferred Stock	Dividends Declared: Common Stock	Earnings Reinvested in the Business	Plant and Equipment Expenditures	Per Share Common Stock: Net Income	Per Share Common Stock: Dividends Declared
1947	$263.9	$37.9	$15.0	$22.9	$1.7	$12.6	$8.6	$ 7.0	$3.36	$2.00
1948	296.3	36.5*	13.8	22.7*	1.7	12.6	8.4	16.8	3.33*	2.00
1949	294.4	36.4	14.7	21.7	1.7	12.6	7.4	20.3	3.17	2.00
1950	296.4	39.4	18.3	21.1	1.7	12.6	6.8	12.2	3.08	2.00
1951	329.9	33.2	17.0	16.2	1.7	12.6	1.9	17.8	2.30	2.00
1952	346.5	39.7	21.9	17.8	1.7	12.6	3.5	16.3	2.56	2.00
1953	359.0	40.8	22.7	18.1	1.7	12.6	3.8	9.8	2.61	2.00
1954	376.4	43.2	23.3	19.9	1.7	12.7	5.5	15.2	2.85	2.00
1955	389.6	39.2	20.9	18.3	1.7	12.8	3.8	18.1	2.59	2.00
1956	410.5	41.9	21.6	20.3	1.7	12.8	5.8	15.7	2.90	2.00

DOLLARS IN MILLIONS
(Except per share figures)

Year	Current Assets	Current Liabilities	Working Capital	Plant and Equipment (Net)	Book Value Common Stock	Book Value Per Share Common Stock	Number of Shareholders	Cost of Employees' Services	Provision for All Taxes (Except Social Security)
1947	$ 96.8	$28.8	$68.0	$ 54.9	$100.7	$16.01	65,441	$ 79.6	$18.1
1948	91.4	27.8	63.6	67.3	109.1	17.36	65,753	94.0	16.8
1949	89.6	31.9	57.7	81.8	116.5	18.53	64,579	101.4	17.8
1950	94.6	35.3	59.3	86.4	123.3	19.61	63,871	100.9	21.8
1951	89.0	38.0	51.0	96.4	125.2	19.91	66,682	114.1	20.5
1952	94.5	44.3	50.2	104.4	128.7	20.47	69,045	121.3	25.3
1953	95.2	43.8	51.4	105.7	132.5	21.07	69,961	126.4	26.3
1954	102.5	48.7	53.8	112.1	141.6	22.17	69,829	126.6	27.1
1955	94.8	46.5	48.3	120.1	145.3	22.76	70,281	130.3	25.0
1956	95.1	45.0	50.1	123.3	151.1	23.66	72,262	133.5	25.8

* Includes extraordinary income of $1.4 million equal to 22 cents per share of common stock.

Table of Contents

The year in brief . . . inside front cover

Consolidated income and other statistics . . . 1

Report of the President . . . 3

- Sales increased to new high . . . 3
- Profits improved . . . 3
- Finances . . . 5
- Appropriated retained earnings . . . 7
- Capital expenditures . . . 9
- New general office . . . 10
- Research . . . 11
- New products in 1956 . . . 12
- Personnel . . . 12
- Shareholders . . . 14
- International operations . . . 14
- Organization changes . . . 15
- Future prospects . . . 15

Summary of operations — 1956 . . . 16

Consolidated financial position . . . 17

Consolidated income and unappropriated retained earnings . . . 18

Notes to financial statements . . . 19

Report of auditors . . . 20

Directors and officers . . . inside back cover

ANNUAL SHAREHOLDERS' MEETING will be held at 2 P.M., April 10, 1957, in the West Ballroom of the Hotel Commodore, 42nd Street at Lexington Avenue, New York, N. Y. Shareholders who cannot attend the meeting are urged to exercise their right to vote by proxy. Proxy form, proxy statement, and a return envelope will be sent to shareholders on March 5, 1957.

NATIONAL BISCUIT COMPANY

425 PARK AVENUE, NEW YORK 22, N.Y.

Report of the President

The year just passed, the 59th year in our history, saw a continuation of the upward sales curve we have experienced since 1949. Sales were the highest in our history, both in tonnage and in dollars. Earnings were improved over those of the previous year. We recorded further progress in strengthening our new Special Products and Dromedary Divisions. The Company's extensive plant modernization program neared completion.

Sales increased to new high

Consolidated net sales for 1956 totaled $410.5 million. This represented an increase of $20.9 million—or 5.4 percent—over 1955, the previous record year. Sales increases were achieved in all product lines and each of our foreign subsidiary companies reported increases for the year.

In support of an aggressive sales program we continued extensive advertising and promotional activity, making substantial use of leading advertising media. Our total advertising expenditures were $20.9 million. Nabisco sponsorship of the popular "Rin Tin Tin" and "Sky King" television programs was maintained and television spot announcements were used extensively.

Net Sales by Quarters in Millions of Dollars

Quarter Ended		1956	1955	1954
March	31	$100.5	$ 94.2	$ 88.8
June	30	101.0	96.7	93.5
September	30	101.3	97.0	96.0
December	31	107.7	101.7	98.1
	Total	$410.5	$389.6	$376.4

Profits improved

Earnings per share of common stock outstanding were $2.90 as compared with $2.59 last year.

Income from operations totaled $42.8 million in 1956—$41.5 million in 1955. "Income from operations" represents income before contributions to the pension trusts for past service, interest and miscellaneous income (net), profit on disposal of fixed assets and provision for federal and foreign taxes on income. The improvement in operating in-

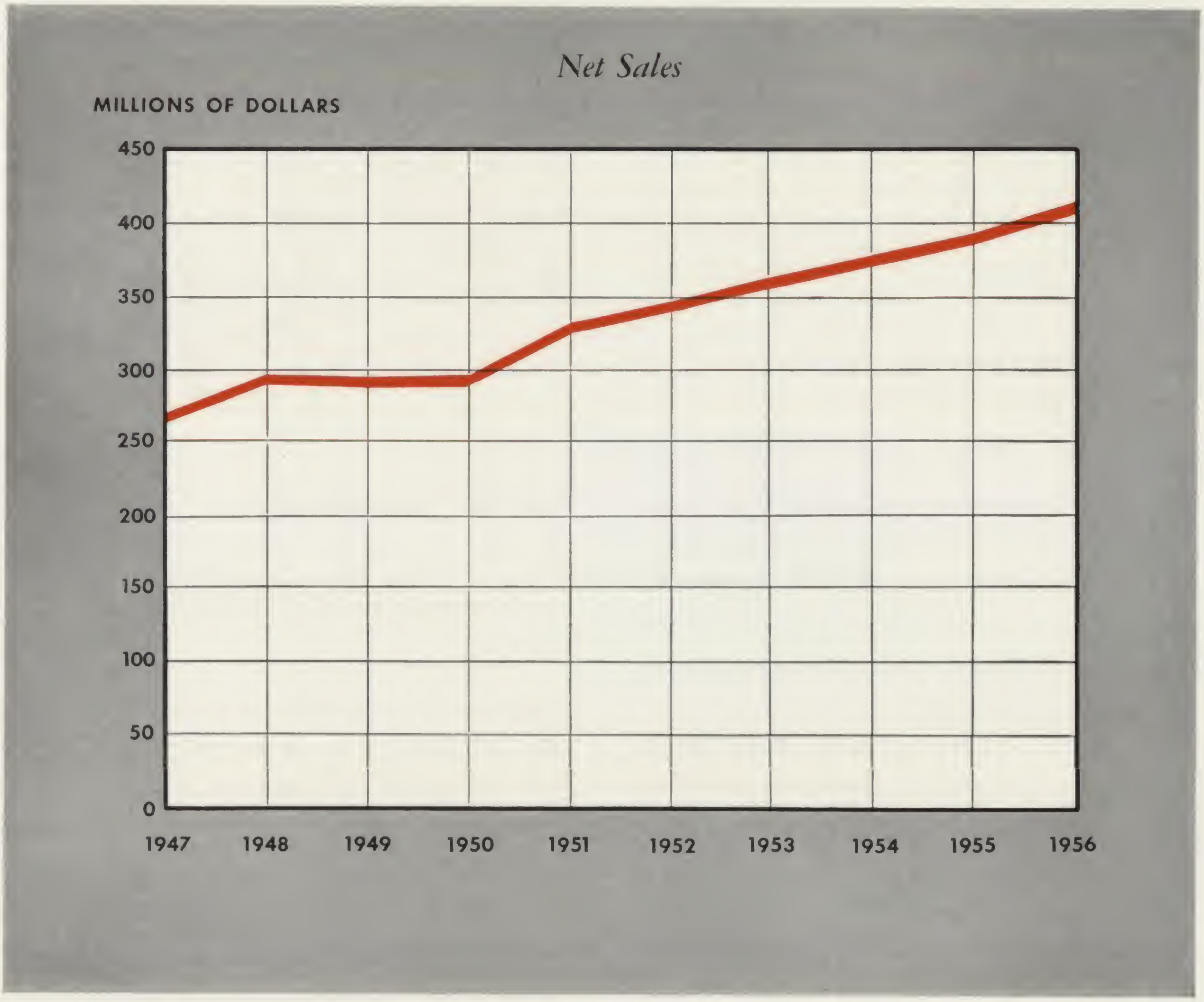
come was due to higher sales, and to the addition of the new Philadelphia Bakery which attained full production during 1956.

Consolidated net income for 1956 amounted to $20.3 million, $2.0 million more than the $18.3 million earned in 1955. Net income was influenced by the reduction of the Company's contribution to the pension fund for past service liability from $2.8 million in 1955 to $1.1 million in 1956. This affected net income after taxes by about $830,000 and is explained on page 12.

We look for further improvement in the profit picture in 1957 as the activities of our domestic divisions expand.

The obsolete Brooklyn, N. Y., plant of the Dromedary Division was closed and sold in 1956 and the production transferred to other more efficient plants. With this and other changes we look for a further improvement in the operations of this division in 1957.

The Special Products Division, which



NABISCO President George H. Coppers and City of Philadelphia officials participate in flag raising ceremony at the dedication of the new Philadelphia Bakery.

markets our cereal and pet food products, is now well established.

Sales of the Bread Division, operating in 15 local areas, reached a new high and earnings of this division increased over the prior year.

Finances

Our financial position continues sound. Net working capital and the ratio of current assets to current liabilities remained about the same as they were at the close of 1955. Net working capital amounted to $50.1 million as compared with $48.3 million a year earlier. The ratio of current assets to current liabilities at December 31, 1956 was 2.1 to 1 as against 2.0 to 1 on December 31, 1955.

"Quick assets" (cash and government securities) also showed little change from the previous year. Additions to "quick assets", derived from earnings retained in the busi-

ness, plus non-cash depreciation charges (which are deducted in computing profits), were about equal to funds used for the purchase of land, buildings and equipment.

A detailed analysis of the changes in "quick assets" follows:

Funds were added to the business

- by the excess of net profits earned during the year over dividends paid to shareholders, i.e. net profits retained in the business . . . . . . $ 5.8 million
- from depreciation allowances during the year, which, while reducing earnings, do not represent an outlay of funds and thus add to the funds in the business . . . . 10.4 million
- from disposal of assets no longer needed . . . . 2.1 million

Funds were used

- for investment in larger inventories and accounts receivable . . . . . $ 2.1 million
- to reduce accounts payable liabilities . . . . . 0.8 million
- to reduce tax liabilities . . 0.7 million
- for purchase of land, buildings and equipment . . 15.7 million
- to reduce notes payable to banks (foreign) . . . . 1.0 million

Changes in Consolidated Working Capital

(All amounts are expressed in thousands of dollars)

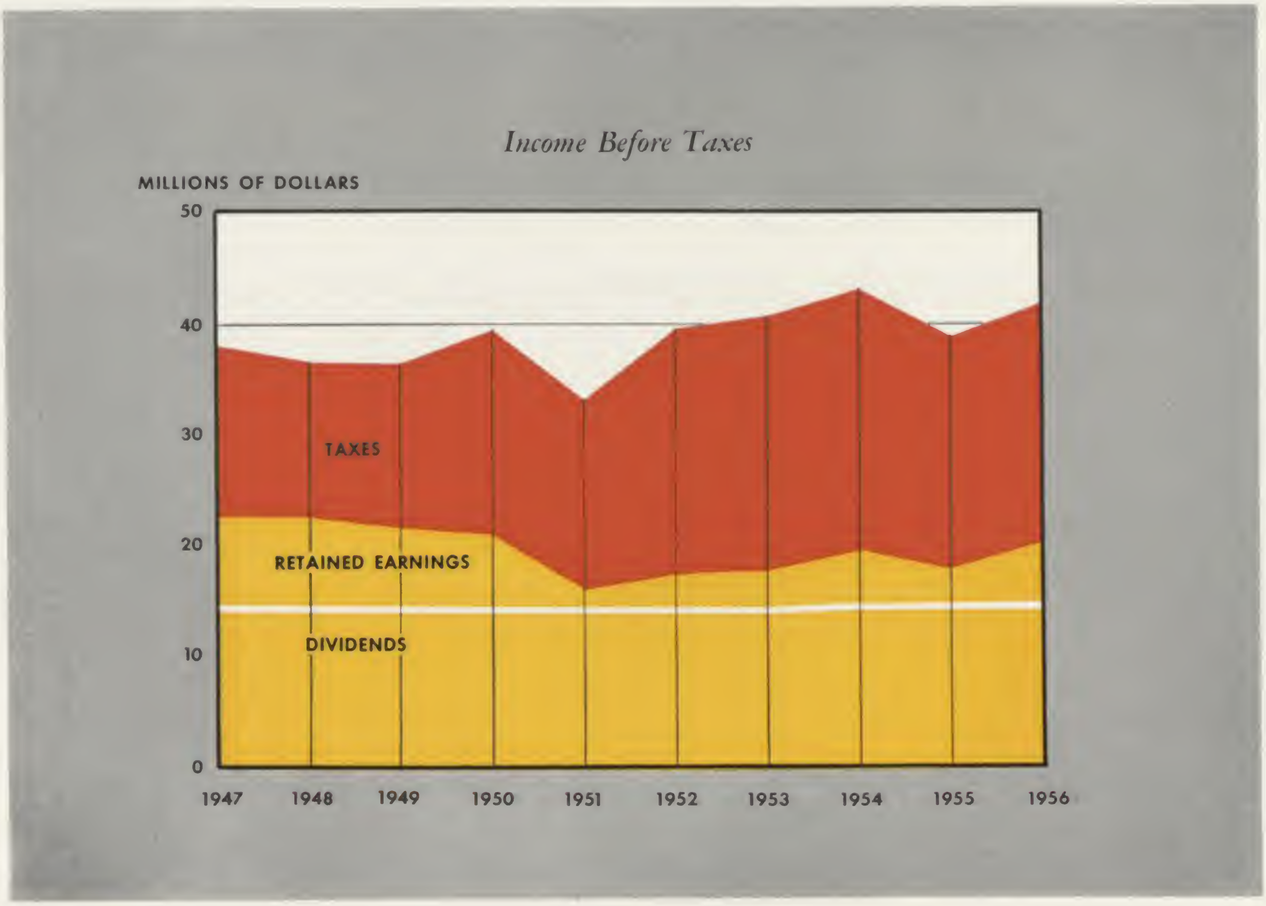
	1956	1955	1954	1953	1952
RECEIVED FROM					
Sales of product	$410,455	$389,628	$376,392	$359,018	$346,537
Long term bank loan (foreign) . . .	—	—	—	—	4,000
Issuance of common stock	—	—	3,559	—	—
Interest and miscellaneous income (net)	153	110	110	328	411
	410,608	389,738	380,061	359,346	350,948
USED FOR					
Materials and services purchased . .	219,895	206,333	193,938	181,505	174,412
Wages, salaries and employee benefits .	134,160	131,095	127,291	127,089	121,980
Taxes (except social security taxes) . .	25,839	24,956	27,114	26,287	25,257
Additions to plant and equipment . .	15,740	18,094	15,233	9,799	16,334
Dividends	14,508	14,508	14,460	14,315	14,315
Other (net)	(1,345)	297	(441)	(849)	(535)
	408,797	395,283	377,595	358,146	351,763
Increase or (decrease) in working capital .	$ 1,811	$ (5,545)	$ 2,466	$ 1,200	$ (815)

Appropriated retained earnings

The reserve for insurance and contingencies, the reserve for high-cost plant additions and the inventory reserve, amounting in total to \$20.7 million, were transferred to Unappropriated Retained Earnings during the year. This was done because we felt these reserves were no longer needed for the purposes for which they were established. Here, briefly, is a history of these accounts.

In our annual report for 1948 we said that we were engaged in a large construction and modernization program during a period of what then seemed to be abnormally high costs. We felt at that time that should a substantial drop occur in the costs of plants and equipment, it might be wise to write them down to a more normal basis.

Similarly, because of the sharp rise in prices of raw materials and other inventory items which occurred after the war, it appeared likely that price declines might re-



quire a write-down of inventory values which were then stated at average cost or market, whichever value was lower.

Under U. S. Treasury Department regulations adopted in 1954, we are now computing depreciation on a substantial part of our plant and equipment on the sum of the years-digits method, which enables us to recover a larger portion of the cost of new buildings and equipment during the earlier years of their lives. Therefore, in view of these current regulations, we believe a drop in construction costs would no longer make a write-down of plant necessary.

The basis of computing the cost of a substantial part of the materials used in our operations is now the last-in, first-out (lifo) method. Under this method, current costs are charged against current income, and, if prices should rise abruptly, the high-cost items recently purchased would not normally affect inventory values. For this reason, we do not see further need for an inventory reserve.

For many years we have carried a reserve for insurance and contingencies in our statement of financial position to provide for any major uninsured loss. However, our past losses have been nominal, and because our properties are situated in widely scattered locations, it is unlikely that we shall ever have a loss greatly in excess of our insurance coverage. This reserve, also, has been returned to the Unappropriated Retained Earnings account.

An aerial view of the new Montreal Bakery of Christie, Brown and Company, Limited, our Canadian biscuit subsidiary. Production started here last November.

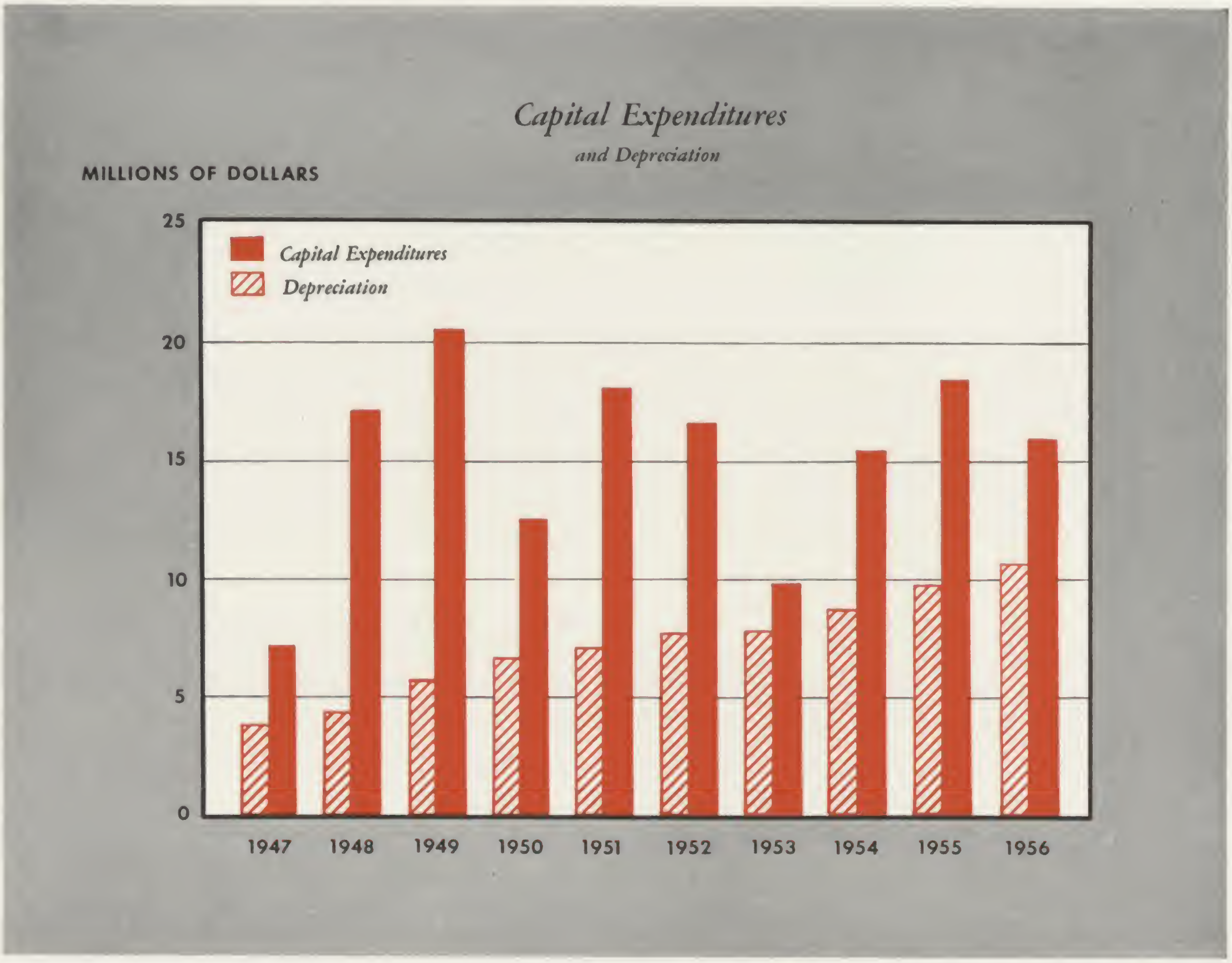
Capital expenditures

Our expenditures for additions to plant and equipment in 1956 totaled $15.7 million.

Progress on the construction of our new biscuit and cracker bakery at Fair Lawn, New Jersey, was satisfactory during the year despite some delays occasioned by a shortage of structural steel. This plant is expected to begin production by the end of 1957.

Christie, Brown and Company, Limited, our Canadian biscuit subsidiary, completed a new cracker bakery at Montreal and production got under way in November. This new plant will enable Christie, Brown to keep pace with the rapid growth of the Canadian population and an accompanying expansion of the cracker market there.

Our English subsidiary, Nabisco Foods Limited, has started construction of an addition to its plant at Welwyn Garden City in Hertsfordshire. This addition, scheduled for



completion in 1958, will permit the company to meet the demand for its products.

During the past ten years we have been engaged in a major plant rehabilitation program. While the importance of this program may not be readily apparent from a study of any single year's operations, I believe a look at the changes over a full decade will be more clearly revealing.

Since 1946 we have spent $149 million for new plant and equipment. In 1946 we operated 25 cracker bakeries. Since then we have sold most of these obsolete plants and concentrated domestic biscuit and cracker production in 11 bakeries. These plants are located at: Atlanta, Cambridge, Mass., Chicago (2), Denver, Houston, New York, Philadelphia, Pittsburgh, Portland, Ore., and St. Louis.

This 31-story office building is the new home of the Company's General Office in New York City.

The Company's modernization program has extended to all of its operations, but is most evident in its new biscuit and cracker bakeries. The most important economy achieved has been in the increased efficiency of operations made possible by plants of new design, able to utilize the latest equipment and production techniques. Bulk transportation and storage of flour, sugar, shortening and other ingredients, together with automatic handling and mixing equipment have greatly reduced time and cost in handling and assembling these materials. The substitution of the band oven for the old reel oven, and the development of automatic packaging equipment have increased production and lowered unit costs. In 1956, over 92 percent of our biscuit and cracker products were baked in modern, high-speed equipment.

New general office

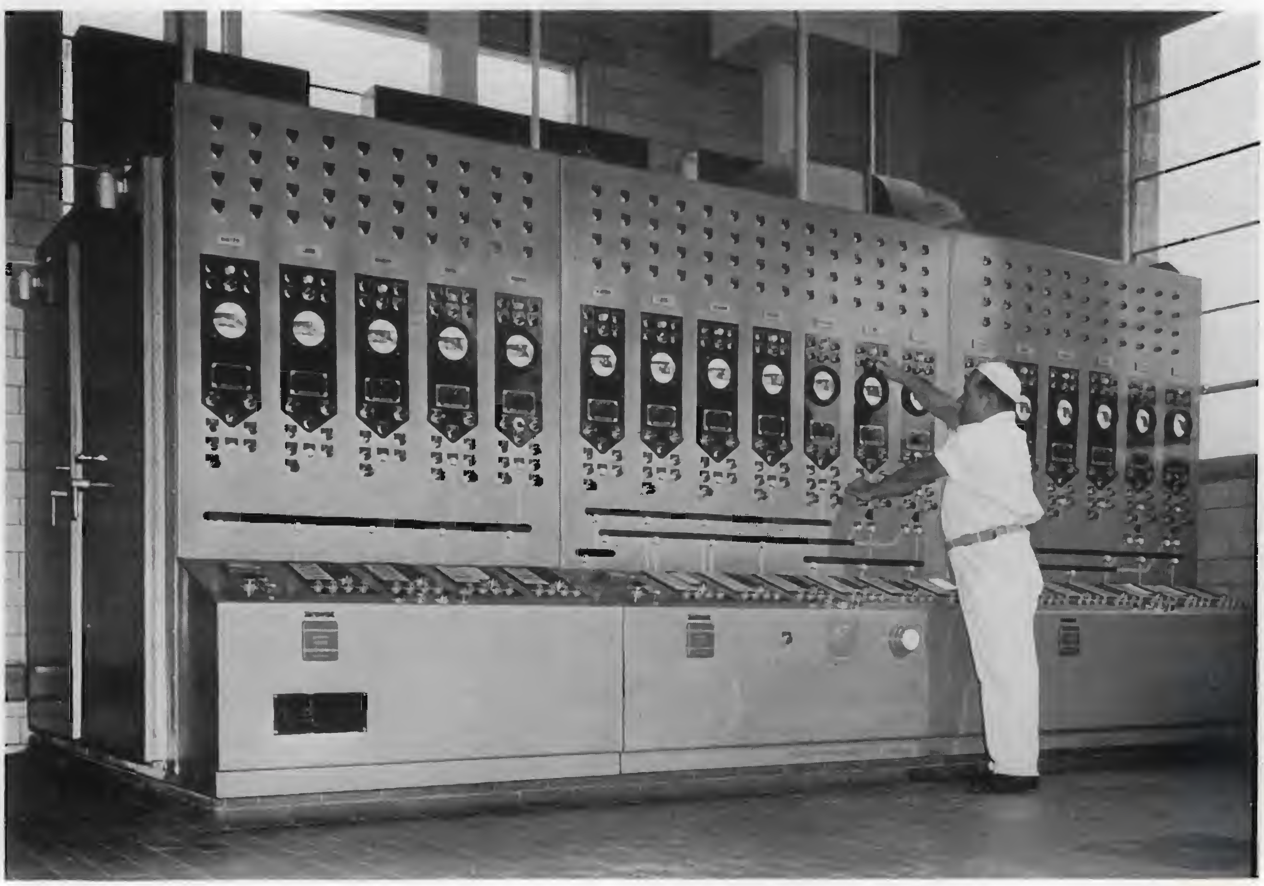
In February 1957, the Company moved its general office in New York City from the old location at 449 West Fourteenth Street to a new building at 425 Park Avenue. We now occupy the lower six floors in this 31-story building situated on the east side of Park Avenue between 55th and 56th Streets.

Research

With the new, improved facilities which will become available upon completion of the research center adjacent to the new Fair Lawn Bakery, our entire program will be stepped up further to speed advances both in new products and technical development.

The combined efforts of the Research, Engineering and Development Departments seek to further the application of new methods and equipment toward quality improvement and cost reduction. An example of the results of this type of research is the master control console at our new Philadelphia Bakery, shown in the accompanying photograph. This "electronic brain" is the nerve center of the bakery's mixing department. It directs the assembly of ingredients for any given baking formula and automatically delivers them to any one of 16 mixing machines. At the touch of a button, the ingredients are withdrawn from their storage areas and brought to the mixing machine in weighed amounts and in proper sequence. The rows of multicolored lights give the operator a current picture of mixing operations at all times.

This complex electronic Master Control Console is the nerve center of mixing operations at the new Philadelphia Bakery. A brief description of its operation appears on this page.



New products in 1956

The important task of bringing new, attractively-packaged products into an ever-changing market continues as one of the major projects of an integrated research and marketing program. This joint production and sales activity introduced several new biscuit and cracker varieties to store shelves during the past year. In addition, other new cracker and cookie items as well as new cereal and cake-mix products, are in the final stages of development and are planned for production during 1957.

New NABISCO products which were brought out in 1956 include:

Deluxe Assortment — a splendid quality assortment which includes ten new varieties of exclusive design and flavor. We believe this is the finest quality cookie assortment ever produced in this country;

Cowboys and Indians Cookies — a treat for the youngsters, with the cookies themselves shaped like the characters of many western adventures;

Cocoanut Shortbread — delicious shortbread cookies of dainty design, made with a generous quantity of cocoanut and marketed in a striking blue and gold foil bag;

Cinnamon Crunch — a new and different sugar-topped cracker, made with graham flour and delightfully spiced with cinnamon. The golden brown cracker is conveniently scored for easy separation;

Rye Thins Crackers — newest of our popular "Thin" line—a crisp, round cracker made of rye flour with a touch of caraway seeds, salted and sprayed to a delightfully different taste;

Striped Shortbread — the ever-popular shortbread cookie, transformed into a party cake by striping the top and solidly coating the bottom with rich, pure chocolate;

Home Town Bread — a new, enriched loaf featured in select markets by our Bread Division, baked to stay fresh longer by a new formula with butter added;

Chocolate Pound Cake — a new DROMEDARY cake mix, which adds a delicious chocolate flavor to one of our most popular cake mixes.

Personnel

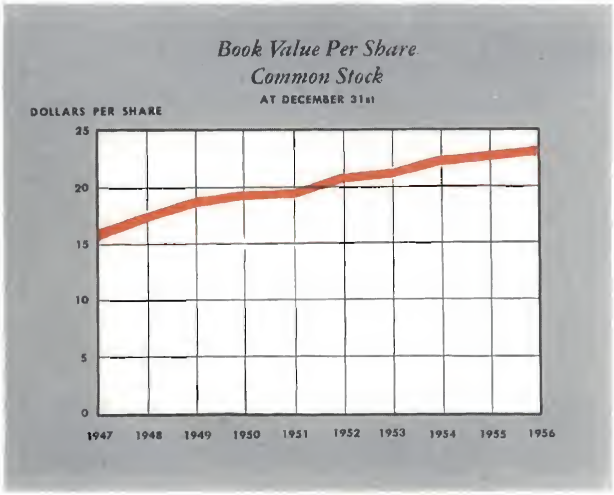
The progress and accomplishments of the Company are aided by the excellent cooperation and teamwork of the thousands of Nabisco employees here and abroad. I believe it is a compliment to both the character of our people and the soundness of our personnel policies that over 5,000 of our employees have had more than twenty years' service with Nabisco.

The total amount of salaries, wages and benefits paid in 1956 was $134.2 million, compared with $131.1 million in 1955.

Pension expense, including the funding of a portion of the past service liability, totaled $4.9 million in 1956—$6.7 million in 1955. The reduced expense in the year 1956 is due to contributing a lesser amount to the pension trust funds for past service liability. In view of the progress made in funding the past service liability, it was decided in 1956 to

(Continued on Page 14)

Our new DELUXE ASSORTMENT, introduced last fall and soon to be available everywhere, will be promoted extensively during the coming months. The assortment features ten different cookie varieties, each one a superb new design, and the attractive one-pound box contains over 50 delicious cookies in all.



reduce the annual contribution from 6 percent of the initial liability to 2½ per cent. At this rate of contribution, the entire past service liability should be fully funded by 1975. The amount of such contribution may be changed from time to time at the discretion of the Directors.

Shareholders

The Company's common and preferred stock was owned by 72,262 shareholders at the close of 1956. This record figure is an extension of the wide public ownership deemed highly advantageous by your management.

The book value of the common shares increased to $151.1 million as of December 31, 1956. This was equal to $23.66 per share of common stock outstanding, as compared with $22.76 per share at the close of 1955.

Dividends of $12.8 million, or $2.00 per share, were paid in 1956 on the common stock; and $1.7 million, the regular $7 annual dividend, was paid on the preferred stock. This continued the Company's unbroken dividend record for the 58th year.

International operations

Our international operations, carried on in five foreign countries by subsidiary companies, or in the case of Italy, by licensing agreement, enjoyed a successful year in 1956. Each of our subsidiaries recorded excellent sales and in total made a substantial contribution to profits.

Canada: Our three Canadian subsidiaries, Christie, Brown and Company, Limited; Christie's Bread, Limited; and Nabisco Foods, Limited, achieved sales gains over 1955. All are in good position to profit from the outstanding growth of the Canadian economy, a growth which is progressing at a phenomenal rate.

England: Nabisco Foods Limited had one of the best years in its history in 1956. Not only were the sales of its cereal products at record levels but the company's MARY BAKER CAKE MIX line, introduced in 1955, has already become the best selling cake mix line in England. In July of 1956 the name of the company was changed from The Shredded Wheat Company, Limited, to Nabisco Foods Limited. This step was taken to adopt a name which more properly described its activities, and to aid identification of this subsidiary with the parent company.

Venezuela: Nabisco-La Favorita, C. A., our Venezuelan company, did well in 1956. The company's sales and marketing methods were changed this past year to broaden distribu-

tion of its products, a step we feel will increase our sales potential there.

Mexico: The business of our Mexican subsidiary, Nabisco-Famosa, S. A., increased substantially in 1956. This company has begun enlarging its main bakery building to increase its biscuit and cracker production.

Italy: Sales of our RITZ and PREMIUM SALTINE crackers, produced in Italy under a royalty agreement by the firm of Motta, S. P. A., of Milan, have grown steadily. Motta distributes throughout western Europe and the Mediterranean area, and our popular NABISCO varieties have been well received.

Organization changes

John A. Hart, former Director of Traffic, was elected Vice President on May 28,1956. Mr. Hart has been employed by the Company since 1911.

On March 1, 1956, William E. MacKay was appointed General Counsel, succeeding Everett W. Barto, retired.

On January 1, 1957, Robert E. Adams was appointed General Manager of the Bread Division succeeding Thomas F. Burke, Vice President, retired.

Future prospects

Our immediate plans include the further development of our new domestic divisions and continued expansion of our foreign interests.

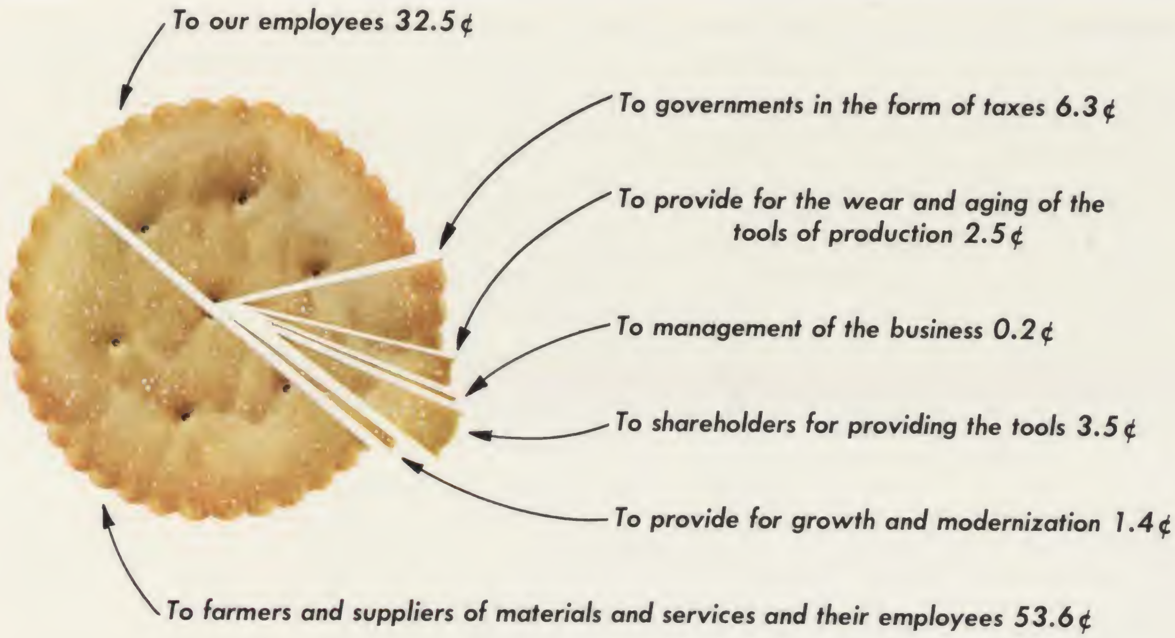
We have a well trained organization and a modern plant, so the Company is equipped to conduct its activities at a time when highly competitive market conditions and complex technological advances have become the normal pattern of business.

We are confident that our profits and sales will show continued improvement in 1957.

PRESIDENT

March 4, 1957.

Each Nabisco Sales Dollar Produced Income:



Summary of Operations—1956

We received from sale of our products	$410,455,124
We expended for	
Raw materials, supplies and services bought from others	219,894,812
Employees' services (wages, pensions, social security taxes, etc.)	133,464,572
Direct taxes, except social security taxes	25,839,273
Estimated wear and tear on plant and equipment, less profit on disposal of fixed assets	10,427,128
Officers' salaries for management of the business	695,600
Leaving profits† which were	
Distributed as dividends to the shareholders	$ 14,508,237
Retained in the business for expansion and modernization	5,625,502

†National Biscuit Company also received $153,215 interest and miscellaneous income arising from activities not related to the manufacture or sale of its products.

Consolidated Financial Position

	December 31, 1956	December 31, 1955
Current assets		
Cash	$ 16,032,536	$ 20,617,846
U. S. Government securities (approximately market)	10,100,000	8,100,000
Other government securities (approximately market)	630,000	—
Accounts receivable	12,375,830	11,189,137
Inventories (*a*)	55,950,634	54,862,707
Total current assets	95,089,000	94,769,690
Less current liabilities		
Notes payable to bank (foreign) (*c*)	1,000,000	1,000,000
Accounts payable and accrued expenses	20,562,939	21,330,942
Common dividend, payable January 15, 1957	3,192,980	3,192,980
Reserve for federal and foreign taxes on income	20,233,808	20,957,258
Total current liabilities	44,989,727	46,481,180
Working capital	50,099,273	48,288,510
Investment in foreign subsidiaries, not consolidated	1,440,000	1,440,000
Miscellaneous investments	463,034	535,282
Prepaid expenses and deferred charges	1,622,166	1,724,071
Plants, real estate, machinery and equipment (*b*)	123,286,225	120,144,119
	176,910,698	172,131,982
Less long term notes payable to bank (foreign) (*c*)	1,000,000	2,000,000
Excess of assets over liabilities	$175,910,698	$170,131,982
Represented by		
Capital stock, preferred	$ 24,804,500	$ 24,804,500
Par value $100—7% cumulative, noncallable Shares authorized 250,000, issued 248,045		
Capital stock, common	63,859,610	63,859,610
Par value $10—Shares authorized 12,000,000, issued 6,385,961		
Paid-in surplus	2,593,787	2,593,787
Retained earnings		
Appropriated		
Insurance and contingent reserve	—	3,726,188
Reserve for high-cost plant additions	—	12,000,000
Inventory reserve	—	5,000,000
Unappropriated	84,652,801	58,147,897
	$175,910,698	$170,131,982

(Notes to financial statements appear on page 19)

Consolidated Income & Unappropriated Retained Earnings

	1956	1955
Net Sales	$410,455,124	$389,628,256
Cost of sales	251,094,838	237,933,610
Selling, general and administrative expenses	98,761,756	93,741,637
Depreciation	10,459,485	9,544,731
Taxes (other than federal and foreign taxes on income)	7,336,235	6,957,459
Contributions to pension trusts for past service	1,098,391	2,787,634
Interest and miscellaneous income (net)	*153,215*	*109,789*
Profit on disposal of fixed assets	*32,356*	*468,615*
Provision for federal and foreign taxes on income	21,603,037	20,964,838
Total	390,168,171	371,351,505
Net Income	20,286,953	18,276,751
Unappropriated retained earnings January 1	58,147,897	54,379,383
Transfer from appropriated retained earnings		
Insurance and contingent reserve	3,726,188	—
Reserve for high-cost plant additions	12,000,000	—
Inventory reserve	5,000,000	—
	99,161,038	72,656,134
Preferred dividends $7.00 per share	1,736,315	1,736,315
Common dividends $2.00 per share	12,771,922	12,771,922
	14,508,237	14,508,237
Unappropriated retained earnings December 31	$ 84,652,801	$ 58,147,897

Notes to Financial Statements

(*a*) Inventories of raw materials, supplies and finished product are stated at cost or market, whichever is lower. The cost of certain commodities is computed on the last-in, first-out (lifo) method. Inventories comprise

	1956	1955
Raw materials and supplies	$ 39,046,608	$ 36,923,237
Finished product	16,904,026	17,939,470
	$ 55,950,634	$ 54,862,707

(*b*) Plants, real estate, machinery and equipment comprise

Cost of properties owned	1956	1955
Land	$ 7,285,773	$ 8,052,419
Buildings	78,749,537	79,532,195
Machinery and equipment	116,095,362	108,997,136
Total	202,130,672	196,581,750
Less allowances for depreciation	78,844,447	76,437,631
	$123,286,225	$120,144,119

(*c*) The notes payable to bank (foreign) are four per cent notes due in equal annual installments to 1958.

(*d*) The financial statements for 1956 include the following U. S. dollar amounts (translated at appropriate rates of exchange) in respect of the four consolidated foreign subsidiaries: working capital and deferred charges, $3,970,502; net plant assets, $14,302,768; long term notes payable to bank, $1,000,000; and net income, $2,278,732.

Report of Auditors

TO THE SHAREHOLDERS OF
NATIONAL BISCUIT COMPANY:

We have examined the statement of financial position of National Biscuit Company and its consolidated subsidiaries as of December 31, 1956, and the related statement of income and unappropriated retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of financial position and income and unappropriated retained earnings present fairly the financial position of National Biscuit Company and its consolidated subsidiaries at December 31, 1956, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

LYBRAND, ROSS BROS. & MONTGOMERY

New York, February 5, 1957

Printed in U.S.A.

NATIONAL BISCUIT COMPANY

Board of Directors

Charles C. Auchincloss
William H. Colvin Jr.
George H. Coppers
Dudley W. Figgis
Roy C. Gasser
Don G. Mitchell
George A. Mitchell
Edward S. Moore Jr.
Paul Moore
Alexander C. Nagle
Livingston Platt
Carrol M. Shanks
Perry M. Shoemaker
Russell M. Shultz
Roy E. Tomlinson

Executive Committee

Charles C. Auchincloss
George H. Coppers
Edward S. Moore Jr.
Paul Moore
Alexander C. Nagle
Livingston Platt
Roy E. Tomlinson

Officers

George H. Coppers	*President*
Edward S. Moore Jr.	*Executive Vice President*
Lee S. Bickmore	*Vice President*
Howard B. Cunningham	*Vice President*
Harry T. Eggert	*Vice President*
John A. Hart	*Vice President*
George A. Mitchell	*Vice President*
Russell M. Shultz	*Vice President*
Albert T. Bullock	*Secretary and Treasurer*
Charles S. Webster	*Controller*

William E. MacKay	*General Counsel*

Executive Offices: 425 Park Avenue, New York 22, N. Y.

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Transfer Agent: Guaranty Trust Company of New York
140 Broadway, New York 15, N. Y.

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Registrar: The First National City Bank of New York
55 Wall Street, New York 15, N. Y.

NABISCO